

## Quo Vadis Hungarian Spatial and Settlement Policy?

Miklós Lukovics – Tamás Besze

*The sum of the possible financial resources at Hungary's disposal supported by the European Union between 2007 and 2013, indicates a historical chance in connection with the fulfillment of the development objectives, especially the spatial objectives in Hungary. The optimal utilization of the financial resources requires a continued decentralization process – started in 1996 but refracted in 1999 – and a strengthening of the regional institutional system. The efficient utilization of the financial resources also requires such a planning mechanism, which considers both the national specialities as well as the international spatial development experiences, and is based on a wide professional and political consensus.*

*The present paper aims to survey the most important milestones of the Hungarian spatial policy formation, especially the ones of the spatial- and settlement development. Also the evolution process of the Hungarian self government system is going to be explored, principally in regards of the relationship between the municipality development and EU grants. Finally the most important projects of the Municipality of Szeged will be demonstrated.*

**Keywords:** regional policy, spatial development, municipality development

### 1. Introduction

Since Hungary's accession to the European Union, spatial planning has come more and more into the limelight, because financial aid of the European Union is based on accomplished spatial documents (Rechnitzer–Lados 2004). Ten years ago, the Hungarian Parliament accepted the Act XXI. of 1996. on regional development and physical planning. This was a supreme and complex regulation of spatial development in Hungary (Horváth 1998). Its further importance is, that Hungary was the first among the candidate countries to adopt the legal conditions of the regional institutions relating to the principles and requirements of the European regional policy. According to the act, spatial development in Hungary is based on national and regional planning documents, concepts, programs, and physical plans (Rechnitzer 1998a).

## **2. Some issues of the Hungarian spatial policy until 1996**

Concerning the analysis of the Trianon Treaty, Pál Teleki was the first Hungarian who examined the economic effects of spatial processes (Hajdú 2001). According to him, breaking-up the solid, poly-centric city network of the Hungarian Kingdom would trigger severe issues for the rest of the Hungarian territory. The truth of his statement is confirmed by the fact that nobody could resolve the problem of a Budapest centered, mono-centric Hungary so far..

The first legislative provision in connection with the spatial- and settlement development was the Act VI. of 1937. on physical planning of cities, housing and construction. The law obliged cities to complete city development plans (Sipos 1993), furthermore compelled cities with high level of exactitude to prepare land usage plans and general settlement plans. After World War II, the Institute of Physical Planning (the so called TERINT) was been established in 1949. The general aim of the TERINT was to coordinate socialistic industrialization and town-planning. Additionally, its task was to register all spatial and settlement changes, and to prepare several plans. Its significance might be the completion of the first regional planning works, like the one of Zagyva-valley, Borsodi area, Baranyai area.

As for local legislation, in 1949 and in 1950 the Constitution, and later the first council law introduced a council system that was completely alien to the Hungarian conditions, by copying the soviet model (MKOGY 1950). From the beginning, the major function of this system was to accomplish the central decisions of the white trash dictatorship that aimed to change society and economy mainly with means of polity, leaving little local independence. Similarly to the first one, the Second Council Law in 1954 also rejected the idea of local municipality (MKOGY 1954). There was a decrease in the councils' duties in administration and authority but the councils' spatial and settlement development tasks slightly increased. The councils were regarded as the lengthened arm of the central state organization delegated by the monolithic party-centre. In the so-called dual subservience the centre managed the county by primacy means, the county managed the townships and most of the towns and the township councils managed the villages. This local dependence attached serious lack of local democratism, nominal votings and elections preceding the real free elections. Council boards were politically insignificant, as council leaders, closed council meetings and closed executive board meetings decided on important issues beforehand, and council meetings mostly just accepted these decisions. From the aspect of city development, we cannot disregard that the panel program that started in the second half of the 1960s wasn't based on local decisions, either.

The decree with legal force of 1955. XXXVI. on the regulation of town- and village settlement determined the system of town- and village settlement, and dealt with the notion of regionalism more thoughtfully than ever before. Due to this

legislative provision, the number of regional plans increased significantly from the end of the fifties. In 1965, the National Settlement Development Plan was completed, which surveyed Hungarian settlements and development trends. In 1970, the National Settlement Development Concept was worked out, which was adopted by the Hungarian government after a wide dialog with the local and departmental authorities in 1971. According to the concept, all the settlements were classified into development categories. The financial resources provided for each settlement were dependent on the category of the concrete settlement.

This dual subservience remained in force during the later “reforms” of the council system, the laws did not provide much more local independence. The council system was only the executor of central programmes. But these programmes did not involve local needs that could have given a special image to settlement development and that could have implemented developments in a way that would have fulfilled local needs the most. As local regulation did not have any latitude in other developments either, settlements got poorer and poorer, regardless of their size.

On the whole, the Hungarian spatial policy before 1985 can be characterized with a settlement view instead of a spatial view. This policy was city-centric, which underplayed the role and importance of territorial units. In this period, the spatial policy was strongly centralized in Hungary.

From 1985 until 1996, Hungarian spatial policy can be characterized as a transitional one. The resolution of the Parliament Nr. 12/1980-85. aimed to develop the lagging behind territorial units, so this legislative provision was the first, which declared the spatial view instead of settlement view. In the middle of the eighties, it has been realized, that the development of separated settlements is not efficient, complex territorial units has to be taken into consideration and developed. In the decentralization process of the Hungarian regional policy, the Act LXV. of 1990. on the local governments counts as a substantial milestone, which pronounced the local demand on decentralization.

From 1991 until 1995, spatial development efforts were supported by a separated money fund in Hungary. The Spatial Development Fund had a broadly varied function: to support employment level expansion and economic restructuring in lagging behind regions, to support the creation of crisis management programs on the level of regions and sub-regions etc. It was also emphasized, that during this transitional period the regional policy of the European Union was introduced to Hungary, which started to receive its core principles (Lados 2001), but its effects became perceptible only in the next period.

### **3. Milestone in Hungarian spatial policy**

The adoption of the Act XXI of 1996 on regional development and physical planning meant a turning point in regional planning, institutions, financial and economic regulation and EU-integration. 1996, the year, when the act came into force is the beginning of the third stage of the Hungarian spatial policy. This legislative provision set its regional developments goals, overall objectives – therefore the partition of competences between the Parliament and the government – in compliance with the regional policy of the European Union. This act forms the basis of the Hungarian spatial policy (Rechnitzer 1998a).

The Country Report of the European Union in 1998 gave a very positive evaluation on the Hungarian regional policy, because the adopted act was unique amongst the candidate countries. One of the most important significances of the act was to define and to clear the most important notions of the theme, like region, sub-region, spatial unit, regional development etc. Furthermore the act defined the tools, financial resources and the institutions of regional development. The notion of regional planning was given a high priority also in the preparation for drawing Structural Funds and the evaluation of the country alike.

The act set up the possibility of applying the regional policy of the European Union by containing the most important core principles of the EU's regional policy, like concentration, partnership, additionality, regional applications etc. Furthermore the act fulfills the requirements of justice, equity and solidarity, and the general cohesion objectives of the European Union (Horváth 1998). Dissociation of the institutions into national, regional, and sub-regional level also can be evaluated as a big step in the efforts of decentralization. The act ordered to complete spatial development documents first of all on the level of regions and counties<sup>1</sup>. This is a very important issue from economical view, because foreign direct investment and enterprise development need a well documented background, since spatial documents contain significant information to support investment decisions (for example about externalities).

The progress of the Hungarian spatial policy came to a sudden standstill in 1999. The act XCII. of 1999. on the modification of the act XXI. of 1996. on regional development and physical planning can be evaluated as a withdrawal in the decentralization efforts in spatial policy. Significant changes in the membership

---

<sup>1</sup> In connection with this point of the act, the following legislative provisions should be mentioned:

- 184/1996. (XII. 11.) Statutory order on the adoption process of spatial development concepts, programs and physical plans.
- 112/1997. (VI. 27.) Statutory order on the information system about spatial development and physical planning.
- 18/1998. (VI. 25.) Departmental order on the contents of spatial development concepts, programs and physical plans.
- 23/2001. (II. 14.) Statutory order on the modification of the 184/1996. (XII. 11.) Statutory order on the adoption process of spatial development concepts, programs and physical plans.

pattern of the Regional Development Councils are on the way back to centralization: the preponderance of ministries, its right of veto, the exclusion of the local economic actors (chambers, Council of Labour), the membership of deconcentrated organizations (Office of Agriculture) are steps towards centralization. The European Union passed strictures on this issue, just as on the inadequate utilization of the financial resources: spatial resources have been used as resource replenishment by municipalities and their institutions so they did not catch their originally intended target group, the enterprises.

The European Union also crabbed Hungary in connection with the NUTS-2 level regions: the defined seven regions did not satisfy the criteria of normative regions defined by the EU: there are not elected, only delegated representatives on regional level, and the Regional Development Councils do not have own financial resources at their disposal.

In 1998, the first National Spatial Development Concept (OTK) was approved by the Hungarian Parliament (Decree 35/1998 III.20. of the Hungarian Parliament). This Concept was the first complex and strategic development document in Hungary, which was the principal document of Hungarian spatial development policy, regional development. It gave orientation for different instruments of regional policy, and formulated guidelines in order to reduce regional disparities. As a framework document it contains the development perspectives of the country and its regions, outlines the long-term regional development objectives and declares the guidelines for the elaboration of various development programs. In addition, the document provided regional planners and stakeholders with the necessary information (OTK 1998).

#### **4. New trends in Hungarian spatial policy**

According to the act XXI of 1996.<sup>2</sup>, the National Spatial Development Concept should be analyzed every six year. As a result of three comprehensive evaluations on the emergence of the Hungarian spatial development policy and the regional processes of the country, a new concept was elaborated and approved by the Hungarian Parliament at the end of 2005 (Decree 97/2005 XII. 25 of the Hungarian Parliament). The new concept sets up the principles of a more complex spatial development policy, which must be integrated into all other policies. At the same time these policies also should be integrated through the development of regions by the process of decentralization.

---

<sup>2</sup> The act LXXV. of 2004. on the modification of the act XXI. of 1996. on regional development and physical planning and other related acts went back to the way of decentralization, because it abandoned the preponderance of ministries in the membership pattern of Regional Development Councils. Furthermore this act also established development councils on the level of sub-regions.

The new OTK lays down the spatial perspectives of the country, and the long term objectives in harmony with them. Furthermore it draws up medium-term objectives and spatial priorities, tools, institutional conditions, and contains the targets of the regions.

The new National Spatial Development Concept contains the following innovations in comparison with the National Development Concept of 1998 (Salamin et al 2005, OTK 2005):

- it is strong committed to accelerate and strengthen decentralization and regionalism in Hungary,
- it defines a more complex spatial policy, than ever before: a spatial policy with widespread functions, integrated into the general development policy,
- nearby the objective of decreasing regional disparities also the objective of spatial efficiency (competitiveness) and sustainability comes into the limelight,
- it is founded on cross-border thinking.

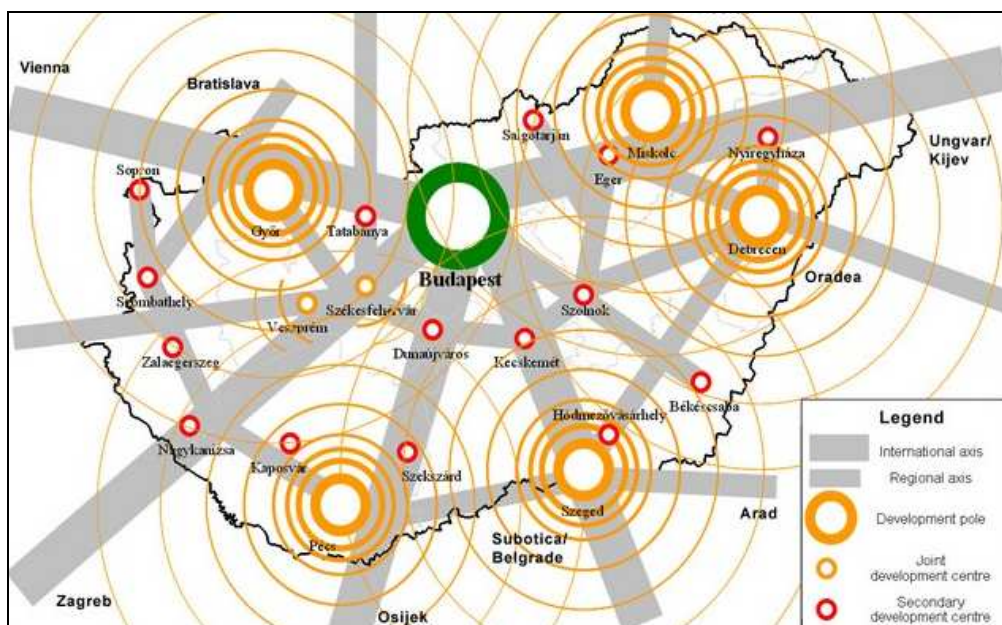
In harmony with one of the most important core principle of the EU regional policy, the idea of subsidiarity, the National Spatial Development Concept of 2005 puts down only such spatial objectives and tasks, which are valid for the country in general. These objectives of the OTK are results of a widespread consultancy process with regional development agencies. The concept provides wide elbow-room in spatial planning for the regions on several aggregation levels, especially for NUTS-2 regions. These territorial units are defined as the primary aggregation level in the decentralized development policy. During the spatial planning process of the NUTS-2 regions the general objectives written in the OTK should be considered compulsory (Salamin et al 2005, OTK 2005).

## **5. Development poles in the new spatial policy**

The National Development Concept (OFK), as an overarching development concept fulfills the role of a country strategy was elaborated in 2005, parallel to the National Spatial Development Concept. Because of this fact, their main findings are the same: both of them define development poles in Hungary. *“... in order to ensure that development is not limited to the area of the capital, the monocentric spatial structure should be resolved. [...] The whole country requires development poles to catalyze competitiveness, and which are organic elements of a harmonious, polycentric, cooperative town network system. [...] Hungary’s development poles are: Debrecen, Miskolc, Szeged, Pécs, Győr, and Budapest.”* (OTK 2005). According to the concept, the most important task of the development poles are to facilitate innovation activity and help spreading innovation in the region. They also should contribute to the decrease of regional disparities in Hungary.

The Decree 96/2005 (XII. 25) of the Hungarian Parliament on the National Development Concept and the Decree 97/2005 (XII. 25) of the Hungarian Parliament on the National Spatial Development Concept defined Szeged as a development pole also on the level of legislative provisions with other 4 cities listed in the decrees (Figure 1).

*Figure 1. Regional development poles and axes in Hungary*



Source: own construction on the basis of OTK (2005, p. 39.)

Consequently, Szeged, as a defined development pole, with some other preferential cities together plays an accentuated role in the new spatial policy of Hungary. From the point of view of our research it also has to be emphasized, that both OTK and OFK highlight the increase of capacity for specialized research and development of the departments that are competent to instigate defined and significant development (OTK 2005). The core competence of the development pole program in Szeged is the biotechnology.

Based on this, in the following part of this paper we are going to concentrate on the city of Szeged. In the next few chapters we will enhance the most important milestones from the history of the Municipality of Szeged, then some of its relationships with the most important institution of the development pole competence, the University of Szeged will be surveyed.

## **6. Regime change and the evolution of settlement development's local self-governmental legal background**

The regime change challenged people not only on a national but also on a local level: in Szeged, just like in all other communities of the country, the first general municipal elections were held in autumn 1990 as a significant step towards developing democracy. It put an end to the council system and new type of local self-governments replaced them, which, contrary to common councils, could be founded in each settlement.

The political necessity of founding local self-governments, which have their own rights, wealth and income sources, met the national and international economic and professional efforts started on this issue several years before. The new legislation overthrew the whole council system, building on municipal traditions and historical values instead. Dr. Balázs Horváth, Secretary of the Homeland of the Antall-government initiated that the Act LXV. of 1990 should include those basic requirements that are contained in the 1985 municipal Charta of the Council of Europe, and that József Eötvös, the Cult and Educational Minister of the revolutionary government of 1848-49 drew up as follows (ETS 1985): „*We demand the personal independence to be maintained; we demand the decisions that are of interest only for certain segments of citizens, for example a town or the inhabitants of a county, to be made only by those whom these issues concern!*” (MKOGY 1990a)

The major basic requirement and the quintessence of the new local self-government system is municipal independence, changing the local self-governments into owners and economic organizations, which could proceed to settlement development based on local interests.

## **7. The economic grounds of local self-governments' development sources in the 1990s**

The economic background of local self-governments that became legitimate by the democratic elections radically changed in comparison to the council system. At the change of the regime, the Act LXV of 1990 significantly changed the conditions of settlement management and placed it on a new basis.

From this point, local self-governments had their own properties, and could manage their own budgetary incomes and expenses independently. In addition, they could alienate items that had been taken away from the state property and had been given to the municipalities (such as roads, institutions, buildings, barracks etc). It was a milestone for settlement development because settlements suffering from lack of financial sources could use their properties as a collateral when asking for development aids or applying for tenders, or they could even sell, privatize these



properties. Possessing own financial resources, local self-governments were able to decide on their own settlement's actuation and the direction of their development quite independently.

But this kind of independence did not always mean complete independence in terms of development tasks in the first half of the 1990s. The reason for this is that the municipalities' financial operations and their use of sources is strongly controlled: firstly because the budget of local self-governments is part of the public finance, they get most of their financial funds from the state<sup>3</sup>; secondly because in case of other supports financed by the public, the state determines the conditions how these supports can be used, for example earmarked subsidies and allocations<sup>4</sup> based only on national sources, that were significant in this period and that realized several important investments in Szeged in the last few years.

## **8. The new financial sources of the regime change: privatization incomes, earmarked subsidies, real estate barter**

In the years following the regime change, Szeged couldn't see bigger developments due to a lack of equity. Similarly to other local self-governments, the Municipality of Szeged, the county capital of Csongrád County, could experience not only the bright side of wealth growth, but also took on a lot of charges after its own ownership developed. Firstly the establishment costs of municipal institutions was almost an impossible burden for the local authorities. Secondly, the only significant source of income, privatization, which started due to the possibility to alienate the local self-government's properties, meant not only income but also expenses. These properties were often rather devastated buildings and building sites without public utilities, which had to be upgraded before sale. In most cases it meant restoring building and providing building sites with public utilities.

But in terms of town development and town rehabilitation, the undoubted merit of privatization is that the incomes of selling those properties that had been given by the state meant almost the only sources that could finance more significant projects in the beginning of the 1990s. Due to such incomes several building reconstructions were started in the city (e.g. the restoration of Dóm square).

In the following years the local self-governments' independence in decision-making was damaged by the lack of other development sources independent of the

---

<sup>3</sup> The bigger part of the incomes of the local self governments consist of state assigned taxes, normative contributions of the state budget, local taxes, incomings of its own economic activities and fees (MKOGY 1990b).

<sup>4</sup> According to the Act 1992. évi LXXXIX. the Hungarian Parliament supports some of law defined local investments in order to stabilize the actions of the local self-governments. If a local self-governments fits to the state specialized criteria system it gets the earmarked subsidies automatically. Beyond this adequate the earmarked allocations were available just in competition: in order to get state subsidies local governments have to create competitive project ideas for a ranking list.

budget. According to the Act LXV of 1990. on local self-governments could manage local developments in their own jurisdiction, but without proper financial background they could only implement developments which enjoyed central state support. This statement is confirmed by how the incomes of the privatization of municipal properties (building sites, buildings, etc.) were used, as according to central legislation these incomes could be used only to restore buildings (mainly residential properties), which were almost the only reliable financial background for building restorations besides earmarked subsidies and allocations in the beginning of the 1990s (MKOGY 1990b). It includes the restoration of Szeged's historical centre, which, after the small renovations of the 1980s, appeared only point wise in the beginning of the 1990s, and was limited to certain institutional and residential buildings. From the end of the decade bigger and bigger projects were started with conscious town rehabilitation planning, such as the one billion-forint restoration of Kárász street – Klauzál square, the restoration of so-called 2<sup>nd</sup> block within Kárász, Somogyi, Kelemen and Kölcsey streets, and the 800 million-forint rebuilding of the dual roundabout at Dugonics square and the transformation of Tisza Lajos boulevard, which were remarkable improvements of the city centre's traffic conditions.

For the sake of using the available sources independently, the local self-government has often tried to find other ways of utilizing its properties to gain alternative economic benefits. After the regime change, the acquired buildings were taken into account not only as properties that could be sold, but they also gave the possibility for different organizations to join economically. The "Universitas property barter programme" that was started in the middle of the 1990s by the local self-government and the university as their first development programme in the middle of the 1990s serves as a good example for that. It meant that the university, which covers the whole of the city's area, and the municipality swaps properties on the grounds of mutual benefits with the approbation of Szeged's General Assembly. József Attila University and Juhász Gyula Teacher Training College, the legal predecessors of Szeged University possessed a notable number of properties SZMJVÖ (2000).

## **9. Sources appearing with the pre-accession to the European Union (Phare, ISPA)**

The city of Szeged started to work out investment concepts based on new sources in the second half of the 1990s. The reason for this was that the basis of Pre-accession to the European Union became available such as PHARE, ISPA and SAPARD. From these, mainly the pre-accession programmes of PHARE and ISPA were significant from the point of settlement development. Since these programmes –

mainly ISPA – supported mostly cohesive investments, the main direction of developments was also limited to remedial projects.

Due to the shift in the direction of the targets of PHARE programmes in 1997, the programme's funds could also be used directly for institutional developments and supporting investment (Flamm Benedek 2003). In autumn 2003, approaching the deadline of using the pre-accession's funds, an application was handed in to restore a square that belonged to the historical part of the city centre of Szeged. Competitive factors started to arise as part of the project as the application included not only rehabilitation, but also creation of workplaces. The reason for this was the establishment of a biomonitoring system at the square, that monitors the pollution level of the air, and to operate this system, experts had to be trained and employed, and other new employees were also hired through cooperation with civil services and the employment centre, who had to look after the renovated park. Thus the idea of partnership, that is a keystone of the grants of the European Union, concretely appears in this 1.1 billion-forint project.

Another important investment of Szeged, which aimed to establish the city's entire sewerage system, was also launched in this period. Hungary's biggest investment of this kind was implemented from a total gross budget of more than 23 billion forints, using sources from Brussels, ISPA funds, and it meant that 253 kilometres of drainage was built altogether in the city and in the neighbouring villages that joined to the programme.

The main aim of ISPA was to prepare the counties awaiting the accession to welcome the Cohesive Fund's supports, and to solve the concrete problems of traffic and environmental infrastructure, that were hindering the accession. So the supporting programme had remedial aims firstly, and not to improve economic competitiveness. We mustn't forget though, that as an indirect effect of this investment, the number of people employed in local construction increased significantly – even if temporarily –, because 80% of the contractors working on this project were local entrepreneurs, this way local employers and employees could also benefit from the rehabilitation, and it also enlarged the budget of the municipality because of the entrepreneurs' local taxes (mainly trade and communal taxes). Besides the restored roads and completed drainage system, a further benefit of the project was the strengthened local entrepreneurs, who could use this work as a reference and who, this way could apply for similar projects in other parts of the country with great chances.

## **10. Increase in development funds between 2004 and 2006**

With Hungary's accession to the European Union on the 1<sup>st</sup> of May 2004, unprecedented financial sources became available for national and local developments. Between 2004 and 2006 675 billion forints were available for certain

development priorities in the frame of the National Development Concept (NFT). According to the basic aims<sup>5</sup> drawn up in the NFT, there were calls for tenders in five operational programmes (OP): Economic Competitiveness OP, Environment and Infrastructure OP, Agricultural and Rural Development OP, Human Resource Development OP, and Regional OP. From these Operational Programmes mostly GVOP, KIOP, and ROP provided possibility to implement bigger investments. The support rates were around 50-80%, but in many cases raising the 10-15% own funding was also a difficulty. Despite the extended funds, this problem could have discouraged a lot of local self-governments from potential development possibilities, but the Hungarian government established a tender possibility based only on national sources to help the local self-governments. The ministry of Home Affairs has called a tender every year since 2004 “to support local self-governments’ own sources for the development tenders of the European Union” and it has supported a lot of local self-governments’ development ideas, that gave fund for the own source of a successful application for an operative programme<sup>6</sup>.

In 2005 the Association of National Municipalities’ Union’s standpoint on the T/17700. bill of the 2006 Budget of the Hungarian government also drew attention to the problems of local self –governments’ development sources. According to this bill, the extensive reform of local self-governments, that could make the operation of each settlement economical (OÖÉSZ 2005), does not come true again in 2006. According to the starting point and the accepted bill, which was mainly unchanged compared to the original one, there wasn’t a change in the duties and jurisdiction, the conditions of management regulations remained basically unchanged, the financial conditions were damaged<sup>7</sup>, so for the next budgetary period of the European Union between 2007 and 2013, the ability to finance bigger municipal investments remained a key question of development policy.

## **11. New dimension: the development period of 2007 -2013**

Certain chapters of the presently effective national development document, “The New Hungary Development Plan” (hereafter UMFT) enhanced the development possibilities of local self-governments. The 675 billion-forint fund available in the

---

<sup>5</sup> The National development Plan (2004-2006) drafts three general goals (competitive economy, more effective human resource and well-balanced spatial development) in order to improve the living standard sin Hungary (NFT 2004).

<sup>6</sup> In the year 2005 a municipality managed project with the name of „Integrated Development of the E-government in Szeged” was granted by the EU. The total project budget was 670 million HUF (appr. 2,3 million EUR). Beyond the 540 million HUF EU grant the municipality got other 78 million HUF as an own source subsidy from the Hungarian Government (SZMJVÖ 2005).

<sup>7</sup> According to the Act of the annual Hungarian Budget in 2005 the local self-governments got 1349,8 billion HUF (approximately 4,49 billion EUR) as state financial source which was half billion HUF less than in the previous year (MKOGY 2005).

frame of NTF got ten times larger in the period of 2007-2013 and it provides a possibility for more specific aims (Table 1).

According to the Decree 96/2005 (XII. 25) of the Hungarian Parliament on the National Development Concept and the Decree 97/2005 (XII. 25) of the Hungarian Parliament on the National Spatial Development Concept defined Szeged as a development pole also on the level of legislative provisions with other 4 cities listed in the decrees. The long term aims of UMTF is broadening employment and ensuring permanent growth. As for the latter one, according to the UMTF Integrated Settlement Development Strategy, the support for the economic growth of the settlements that are development centres predominates mostly in polycentric, cooperative settlement network system (UMTF 2007). To ensure a long term, balanced spatial development, there is a need to compensate the capital's economic dominance and to change the monocentric structure of the country, which they want to establish with functionally assigned settlements and emphasized developments based on technological innovation. This idea was rather weakened later, in the phase of planning and social discussions, but because of the central role of 5 "pole cities" the possibility of some key investments (based mainly on equity) didn't disappear. As a matter of fact, cities that are assigned as competitive poles do play a key role in determining their area's competitiveness with their innovation potential.

*Table 1. Operational Programmes of The New Hungary Development Plan (UMFT)*

Priorities	Operational Programmes	Financial Sources (billion HUF)
1. Economic development	Economic Development OP (GOP)	690,0
2. Transport development	Transport OP (KÖZOP)	1703,2
3. Social renewal	Social Renewal OP (TÁMOP)	966,0
	Social Infrastructure OP (TIOP)	538,9
4. Environment and energy developments	Environment and Energy (KEOP)	1140,0
5. Regional Development	<u>OPs of the 7 regions of Hungary:</u>	1609,4
	West Pannon OP	
	Central Transdanubia OP	
	South Transdanubia OP	
	South Great Plain OP	
	North Great Plain OP	
	North Hungary OP	
	Central Hungary OP	
6. State reform	State reform OP	140,7
	Electronic Public Administration OP (ÁROP)	
Co-ordination and communication of the New Hungary Development Plan	Implementation OP (VOP)	87,2
TOTAL (billion HUF)		<b>6875,4</b>

*Source:* own construction on the basis of UMTF (2007, p. 132.)

Although UMFT also underlines the importance of settlements and the settlement system from the point of competitiveness in this case, it is probable that these settlements have also come to the front in case of other kinds of project concepts' central and EU funds – usually developing basic settlement functions.

## 12. Summary

The reform of the institutional system in the Hungarian spatial development takes place very slowly. The institutional system set up for the access was not consequently built on institutions of regional development, which disappointed the regions (Szaló 2006). The effective establishment of the seven NUTS-2 regions has not been achieved yet, though some encouraging efforts happened. §6 of the act XCII of 1999. on the modification of the act XXI of 1996. ordered to set up regional development councils, hereby the regional framework has been defined by legal means. Some competences and tasks have been delegated to regional level, but the regions possess neither elected representatives nor own financial resources, although those later two are very important from the point of view the European Unions definition on regions.

The correct usage of some core principles (decentralization, subsidiarity, partnership) requires the reconsideration of decision-making competencies, to decentralize the power, to strengthen the autonomy of the local communities (Rechnitzer 1998b). The institutional framework of the spatial policy in Hungary is strongly attached to public administration, especially to the counties. Economic development is unfortunately only second priority in the distribution of financial resources, entrepreneurs are not able to enforce their interests. The counties hesitate to be partners of each other, although an efficient spatial policy requires a successful concentration of forces on each territorial level.

## References

- ETS 1985: *European Charter of Local Self-Government (15.X.1985)*. European treaty series No. 122, Strasbourg.
- Flamm Benedek, L. 2003: *Kulcs a sikeres Eu-s pályázatokhoz. A tagállamok tapasztalatai és gyakorlata*. Európai Unió Munkacsoport Közhasznú Diákegyesület, Budapest.
- Hajdú, Z. 2001: Teleki Pál tájelméleti munkássága. *Földrajzi Közlemények*, 1-2, pp. 51-64.
- Horváth, Gy. 1998: *Az Európai Unió strukturális és kohéziós politikájának hatása a magyar terület- és településpolitikára*. ÖSZT-ICMA-USAID, Budapest.
- Lados, M. 2001: A területi tervezés kihívásai a kilencvenes években Magyarországon: a területfejlesztési stratégiák kialakításától a programozásig és az értékelésig. *Tér és Társadalom*, 2, pp. 25-69.
- MKOGY 1950: 1950. I. tv. (I. Tanács törvény). Magyar Népköztársaság, Budapest.
- MKOGY 1954: 1954. X. tv. (II. Tanács törvény). Magyar Népköztársaság, Budapest.

- MKOGY 1990b: *Az 1990. LXV. Tv. a helyi önkormányzatokról.* 80§ (2). Magyar Köztársaság, Budapest.
- MKOGY 1990a: *Dr. Horváth Balázs 68. számú parlamenti felszólalása* (1990.07.02.). Országgyűlési napló, Budapest. Letölthető: <http://www.parlament.hu/naplo34/018/018tart.html>
- MKOGY 2005: *Magyarország 2006. évi költségvetési törvénye* (2005. CLIII. (XII.19.)). Magyar Köztársaság, Budapest.
- NFT 2004: *Nemzeti Fejlesztési Terv (NFT)*. Magyar Köztársaság Kormánya, Budapest.
- OFK 2005: Országos Fejlesztéspolitikai Koncepció. 96/2005 (XII.25.) Ogy. Határozat. Magyar Országgyűlés, Budapest.
- OÖÉSZ 2005: *Országos Önkormányzati Érdekképviselői Szövetségek Állásfoglalása a Magyar Köztársaság 2006. évi költségvetéséről szóló T/17700. számú törvényjavaslatnak a helyi önkormányzatokra vonatkozó szabályairól (Tárgyalási szám: a T/17700) szóló anyaga*, Budapest.
- OTK 1998: Országos Területfejlesztési Koncepció. 35/1998 (III.20.) Ogy. Határozat. Magyar Országgyűlés, Budapest.
- OTK 2005: Országos Területfejlesztési Koncepció. 97/2005 (XII.25.) Ogy. Határozat. Magyar Országgyűlés, Budapest.
- Rechnitzer, J. 1998a: A helyi önkormányzatok felkészülése az Európai Unió regionális politikájának fogadására. In Csefkó, F. (ed.) *EU-integráció – önkormányzatok I.* ÖSZT–ICMA–USAID, Budapest.
- Rechnitzer, J. 1998b: *Területi Stratégiák*. Dialóg Campus, Budapest–Pécs.
- Rechnitzer, J. – Lados, M. 2004: *A területi stratégiáktól a monitoringig*. Dialóg Campus, Budapest–Pécs.
- Salamín, G. – Péti, M. – Czira, T. 2005: Paradigmaváltás küszöbén. Az új területfejlesztési koncepció és a területi tervezés. *Területi Statisztika*, 5, pp. 423–439.
- Sipos, A. 1993: *Reformok és reformtörekvések a fővárosban*. Budapesti Negyed, Budapest.
- Szaló, P. 2006: Az alap mellé épült ház. *Falu, város, régió*, 1, pp. 7–11.
- SZMJVÖ 2000: A 42/2000 (I.14.) Kgy. határozat a szegedi egyetem és az önkormányzat között létrejött Universitas ingatlancsere-program megállapodásról. Szeged Megyei Jogú Város Közgyűlése, Szeged.
- SZMJVÖ 2005: „Szeged integrált e-kormányzat rendszerének fejlesztése” elnevezésű projekt támogatási szerződése (Azonosító: GVOP-4.3.1.-2004-06-0007/4.0), GKM–SZMJVÖ, Szeged.
- UMFT 2007: *Új Magyarország Fejlesztési Terv (UMFT)*. Magyar Köztársaság Kormánya, Budapest.